



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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February 2, 2010

TO: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **LOS ANGELES UNIFIED SCHOOL DISTRICT CONTRACT REVIEW – A
DEPARTMENT OF PUBLIC SOCIAL SERVICES GENERAL RELIEF
OPPORTUNITIES FOR WORK PROGRAM PROVIDER**

We have completed a program, fiscal and administrative contract review of Los Angeles Unified School District (LAUSD or Agency), a Department of Public Social Services (DPSS) General Relief Opportunities for Work (GROW) Program provider.

Background

DPSS contracts with LAUSD, a public education institution, to provide employment and training services to help General Relief program recipients obtain jobs and achieve self-sufficiency. The contract services include Orientation, Rapid Employment and Promotion and Job Skills Preparation Classes. The Agency provided services to residents of all Supervisorial Districts during Fiscal Year (FY) 2008-09.

DPSS compensates LAUSD at a fixed monthly fee for each type of service. DPSS paid LAUSD \$1,949,352 for FY 2008-09.

Purpose/Methodology

The purpose of our review was to determine whether LAUSD complied with the contract terms and appropriately accounted for and spent GROW funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's

accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

The program participants met the eligibility requirements for the GROW Program and LAUSD met the contract's performance outcome measures. In addition, the Agency's Cost Allocation Plan was prepared in compliance with the County contract and used to appropriately allocate shared program costs. However, LAUSD did not always comply with other contract requirements. Specifically, LAUSD:

- Did not always obtain and maintain proof of employee work eligibility.
- Did not accurately record hours worked and leave benefits used for four (27%) of the 15 employees reviewed resulting in LAUSD overbilling DPSS by \$120. In addition, all four employees had inaccurate leave benefit balances that could result in material over/undercharges if not corrected.
- Did not always maintain employee background clearances.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with LAUSD in December 2009. In their attached response, LAUSD management concurred with our recommendations. We also notified DPSS of the results of our review and DPSS indicated that they plan to follow up on our recommendations within six months.

We thank LAUSD and DPSS for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:AA

Attachment

c: William T Fujioka, Chief Executive Officer
Philip L. Browning, Director, Department of Public Social Services
Ramon C. Cortines, Superintendent, LAUSD
Isabel Vasquez, Career Technical Education Director, LAUSD
Andre Jean, GROW Program Manager, LAUSD
Public Information Office
Audit Committee

**GENERAL RELIEF OPPORTUNITIES FOR WORK
LOS ANGELES UNIFIED SCHOOL DISTRICT
FISCAL YEAR 2008-09**

ELIGIBILITY

Objective

Determine whether Los Angeles Unified School District (LAUSD or Agency) provided Orientation, Rapid Employment and Promotion (REP), and Job Skills Preparation Class (JSPC) services to individuals that met the eligibility requirements of the General Relief Opportunities for Work (GROW) Program.

Verification

We visited three LAUSD service sites and reviewed the case files for 70 (2%) of the 2,892 program participants that received services during August and September 2008 for documentation to confirm their eligibility for services.

Results

All 70 program participants met the eligibility requirements for the GROW Program services.

Recommendation

None.

PROGRAM SERVICES

Objective

Determine whether LAUSD provided the services in accordance with the County contract and GROW guidelines. In addition, determine whether the program participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 70 program participants that received services during August and September 2008.

Results

LAUSD provided the services in accordance with the County contract.

Recommendation

None.

STAFFING QUALIFICATIONS**Objective**

Determine whether LAUSD staff possessed the qualifications required by the County contract.

Verification

We reviewed the personnel files of 15 LAUSD employees to confirm staff qualifications.

Results

LAUSD's staff generally possessed the qualifications required by the County contract. However, four (27%) of the 15 personnel files requested did not include work eligibility documentation. The Agency subsequently provided the documentation for three of the employees but could not provide proof of work eligibility for one (7%) of the employees.

Recommendation

1. LAUSD management obtain proof of work eligibility for all employees and maintain documentation in their personnel files.

PERFORMANCE OUTCOMES**Objective**

Determine whether LAUSD met the planned performance outcomes as outlined in the County contract and reports the performance outcomes to the Department of Public Social Services (DPSS). The performance outcomes included maintaining attendance records, session schedules, and curriculums for GROW Orientation, REP and JSPC services. The performance outcomes also included maintaining an acceptable full-time job placement rate of at least 8% of the actual number of participants who started REP or JSPC sessions in a given month.

Verification

We reviewed the Agency's Monthly Management Report that lists the participants and the services received. We also reviewed attendance records and employment verification forms.

Results

LAUSD met the performance outcome measures outlined in the County contract.

Recommendation

None.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue are properly recorded in LAUSD's financial records and deposited timely in their bank account. In addition, determine whether the Agency maintained adequate controls over cash.

Verification

We interviewed LAUSD personnel and reviewed financial records. We also reviewed the Agency's bank reconciliation for October 2008.

Results

LAUSD maintained adequate controls to ensure that revenue was properly recorded and deposited timely.

Recommendation

None.

UNSPENT REVENUE**Objective**

Determine whether LAUSD's Fiscal Year (FY) 2008-09 quarterly close-out invoices reconciled to the Agency's accounting records.

Verification

We traced LAUSD's FY 2008-09 general ledger to the Agency's quarterly close-out invoices for FY 2008-09.

Results

LAUSD did not have any unspent revenue for FY 2008-09.

Recommendation

None.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed LAUSD personnel and reviewed financial records and other documentation for 11 non-payroll expenditures totaling \$12,844 billed by the Agency from September through December 2008.

Results

Overall, LAUSD's expenditures were allowable and properly documented.

Recommendation

None.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether LAUSD maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed LAUSD personnel, reviewed their policies and procedures manuals and conducted on-site visits.

Results

LAUSD maintained sufficient internal controls over its business operations.

Recommendation

None.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether the Agency's fixed assets and equipment purchases made with GROW funds are used for the GROW Program and are safeguarded.

We did not perform testwork in this section as LAUSD did not use GROW funds to purchase fixed assets or equipment.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the GROW Program. In addition, determine whether LAUSD obtained employee background clearances and verified employment eligibility for the employees assigned to the GROW Program.

Verification

We traced the payroll expenditures for 15 employees totaling \$56,925 for October 2008 to LAUSD's payroll records and time reports. We also interviewed staff and reviewed 15 personnel files for staff assigned to the GROW Program.

Results

LAUSD incorrectly recorded hours worked and/or leave benefits used for four (27%) of the 15 employees reviewed resulting in LAUSD overbilling DPSS for one of the employees by 8 hours, totaling \$120. All four employees also had incorrect leave benefit balances that could result in material over/underpayments to employees and over/undercharges to the GROW Program if not corrected.

In addition, LAUSD stated that all employees pass a background check as a condition of employment. However, the Agency did not have documentation of a background clearance for five (33%) of the 15 employees reviewed.

Recommendations

LAUSD management:

2. Repay DPSS \$120 and correct the four employees' leave benefit balances.
3. Ensure payroll staff accurately record hours worked and leave benefits used by employees.
4. Maintain employee background clearances.

COST ALLOCATION PLAN

Objective

Determine whether LAUSD's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program costs.

Verification

We reviewed the Cost Allocation Plan and a sample of expenditures incurred by LAUSD from September through December 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

LAUSD's Cost Allocation Plan was prepared in compliance with the County contract and the costs were appropriately allocated.

Recommendation

None.



LOS ANGELES UNIFIED SCHOOL DISTRICT
DIVISION OF ADULT AND CAREER EDUCATION
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RAMON C. CORTINES
SUPERINTENDENT OF SCHOOLS

ED MORRIS
EXECUTIVE DIRECTOR

ANDRES AMEIGEIRAS
ADMINISTRATOR

December 11, 2009

Ms. Wendy L. Watanabe, Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 South Figueroa Street, 8th Floor
Los Angeles, CA 90071

**SUBJECT: LOS ANGELES UNIFIED SCHOOL DISTRICT CONTRACT REVIEW-A
DEPARTMENT OF PUBLIC SOCIAL SERVICES GENERAL RELIEF
OPORTUNITIES FOR WORK PROGRAM PROVIDER**

Dear Ms. Watanabe:

This is our response to the findings of your auditors in the program and fiscal review of Los Angeles Unified School District (LAUSD), a Department of Public Social Services (DPSS) GROW Program provider.

STAFFING QUALIFICATIONS

LAUSD's staff generally possessed the qualifications required by the County contract. However, 4 (27%) of the 15 personnel files requested did not include work eligibility documentation. The Agency subsequently compiled and provided the documentation for three of the employees but could not provide proof of work eligibility for one (7%) of the employees.

Recommendation:

1. LAUSD management obtain proof of work eligibility for all employees and maintain documentation in personnel files.

Response:

1. LAUSD agrees with the recommendation and has entered "proof of work eligibility" documents into the personnel files of three of the four employees and has processed and filed documentation for the fourth.

PAYROLL AND PERSONNEL

LAUSD incorrectly recorded hours worked and/or leave benefits used for 4 (27%) of the 15 employees reviewed. As a result, LAUSD overpaid one of the employees by 8 hours, totaling \$120, and all four employees have incorrect leave benefit balances that could cause over/underpayments to employees and over/undercharges to the GROW Program in the future. Even though the amount identified in our review does not appear material, the amount could become material over time if the condition is not corrected.

In addition, LAUSD stated that all employees pass a background check as a condition of employment. However, the Agency could not document background clearance for 5 (33%) of the 15 employees reviewed.


Recommendations: LAUSD management:

2. Repay DPSS \$120 and correct the four employees' leave benefit balances.
3. Ensure payroll staff accurately record hours worked and leave benefits used by employees.
4. Maintain employee background clearances.

Response:

2. LAUSD agrees with the recommendation to repay DPSS \$120.
3. LAUSD agrees with the recommendation.
4. LAUSD agrees with the recommendation and will maintain employee background clearances in individual personnel files.

Respectfully,


Isabel Vázquez, Director
Career Technical Education